



Senate

General Assembly

File No. 202

January Session, 2011

Substitute Senate Bill No. 1066

Senate, March 24, 2011

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO ECONOMIC DEVELOPMENT STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (59) of section 12-81 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage, and applicable to assessment years commencing on and after October*
4 *1, 2011*):

5 (59) (a) Any manufacturing facility, as defined in section 32-9p, as
6 amended by this act, acquired, constructed, substantially renovated or
7 expanded on or after July 1, 1978, in a distressed municipality, as
8 defined in said section or in a targeted investment community, as
9 defined in section 32-222, or in an enterprise zone designated pursuant
10 to section 32-70 and for which an eligibility certificate has been issued
11 by the Department of Economic and Community Development, and
12 any manufacturing plant designated by the Commissioner of
13 Economic and Community Development under subsection (a) of
14 section 32-75c as follows: To the extent of eighty per cent of its

15 valuation for purposes of assessment in each of the five full assessment
16 years following the assessment year in which the acquisition,
17 construction, renovation or expansion of the manufacturing facility is
18 completed, except that a manufacturing facility having a [standard
19 industrial classification code of 2833 or 2834] North American
20 Industrial Classification Code of 325411 or 325412 and having at least
21 one thousand full-time employees, as defined in subsection (f) of
22 section 32-9j, as amended by this act, shall be eligible to have the
23 assessment period extended for five additional years upon approval of
24 the commissioner, in accordance with all applicable regulations,
25 provided such full-time employees have not been relocated from
26 another facility in the state operated by the same eligible applicant;

27 (b) Any service facility, as defined in section 32-9p, as amended by
28 this act, acquired, constructed, substantially renovated or expanded on
29 or after July 1, 1996, and for which an eligibility certificate has been
30 issued by the Department of Economic and Community Development,
31 as follows: (i) In the case of an investment of twenty million dollars or
32 more but not more than thirty-nine million dollars in the service
33 facility, to the extent of forty per cent of its valuation for purposes of
34 assessment in each of the five full assessment years following the
35 assessment year in which the acquisition, construction, renovation or
36 expansion of the service facility is completed; (ii) in the case of an
37 investment of more than thirty-nine million dollars but not more than
38 fifty-nine million dollars in the service facility, to the extent of fifty per
39 cent of its valuation for purposes of assessment in each of the five full
40 assessment years following the assessment year in which the
41 acquisition, construction, renovation or expansion of the service
42 facility is completed; (iii) in the case of an investment of more than
43 fifty-nine million dollars but not more than seventy-nine million
44 dollars in the service facility, to the extent of sixty per cent of its
45 valuation for purposes of assessment in each of the five full assessment
46 years following the assessment year in which the acquisition,
47 construction, renovation or expansion of the service facility is
48 completed; (iv) in the case of an investment of more than seventy-nine
49 million dollars but not more than ninety million dollars in the service

50 facility, to the extent of seventy per cent of its valuation for purposes of
51 assessment in each of the five full assessment years following the
52 assessment year in which the acquisition, construction, renovation or
53 expansion of the service facility is completed; or (v) in the case of an
54 investment of more than ninety million dollars in the service facility, to
55 the extent of eighty per cent of its valuation for purposes of assessment
56 in each of the five full assessment years following the assessment year
57 in which the acquisition, construction, renovation or expansion of the
58 service facility is completed, except that any financial institution, as
59 defined in subsection (b) of section 32-236, having at least four
60 thousand qualified employees, as determined in accordance with an
61 agreement pursuant to subsection (c) of section 32-236, shall be eligible
62 to have the assessment period extended for five additional years upon
63 approval of the commissioner, in accordance with all applicable
64 regulations, provided such full-time employees have not been
65 relocated from another facility in the state operated by the same
66 eligible applicant. In no event shall the definition of qualified
67 employee be more favorable to the employer than the definition
68 provided in section 32-236;

69 (c) The completion date of a manufacturing facility, manufacturing
70 plant or a service facility will be determined by the Department of
71 Economic and Community Development taking into account the
72 issuance of occupancy certificates and such other factors as it deems
73 relevant. In the case of a manufacturing facility, manufacturing plant
74 or a service facility which consists of a constructed, renovated or
75 expanded portion of an existing plant, the assessed valuation of the
76 facility or manufacturing plant is the difference between the assessed
77 valuation of the plant prior to its being improved and the assessed
78 valuation of the plant upon completion of the improvements. In the
79 case of a manufacturing facility, manufacturing plant or a service
80 facility which consists of an acquired portion of an existing plant, the
81 assessed valuation of the facility or manufacturing plant is the assessed
82 valuation of the portion acquired. This exemption shall be applicable
83 during each such assessment year regardless of any change in the
84 ownership or occupancy of the facility or manufacturing plant. If

85 during any such assessment year, however, any facility for which an
86 eligibility certificate has been issued ceases to qualify as a
87 manufacturing facility, manufacturing plant or a service facility, the
88 entitlement to the exemption allowed by this subdivision shall
89 terminate for the assessment year following the date on which the
90 qualification ceases, and there shall not be a pro rata application of the
91 exemption. Any person who desires to claim the exemption provided
92 in this subdivision shall file annually with the assessor or board of
93 assessors in the distressed municipality, targeted investment
94 community or enterprise zone designated pursuant to section 32-70 in
95 which the manufacturing facility or service facility is located, on or
96 before the first day of November, written application claiming such
97 exemption on a form prescribed by the Secretary of the Office of Policy
98 and Management. Failure to file such application in this manner and
99 form within the time limit prescribed shall constitute a waiver of the
100 right to such exemption for such assessment year, unless an extension
101 of time is allowed pursuant to section 12-81k, and upon payment of the
102 required fee for late filing;

103 Sec. 2. Section 12-81u of the general statutes is repealed and the
104 following is substituted in lieu thereof (*Effective October 1, 2011, and*
105 *applicable to assessment years commencing on and after October 1, 2011*):

106 Any municipality may, by vote of its legislative body or, in a
107 municipality where the legislative body is a town meeting, by vote of
108 the board of selectmen, abate up to one hundred per cent of the
109 property taxes due for any tax year with respect to real or personal
110 property of any communications establishment [included in major
111 group 48, in the Standard Industrial Classification Manual, United
112 States Office of Management and Budget, 1987 edition] with a North
113 American Industrial Classification code of 515111, 515112, 515120,
114 515210, 517110 or 517410.

115 Sec. 3. Section 32-9j of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective July 1, 2011*):

117 For the purposes of sections 32-9i to 32-9l, inclusive, the following

118 terms shall have the following meanings unless the context indicates
119 another meaning and intent:

120 (a) "Eligible municipality" means any municipality in the state
121 which is a distressed municipality as defined in subsection (b) of
122 section 32-9p, as amended by this act, and any other municipality in
123 the state which has a population of not less than ten thousand and
124 which has a rate of unemployment which exceeds one hundred ten per
125 cent of the state's average rate of unemployment, as determined by the
126 Labor Department, for the calendar year preceding the determination
127 of eligibility, provided no such other municipality with an
128 unemployment rate of less than six per cent shall be eligible. Eligible
129 municipalities shall be designated by the Department of Economic and
130 Community Development.

131 (b) "Eligible business facility" means (1) a business facility located in
132 an eligible municipality and for which a certificate of eligibility or
133 commitment letter has been issued by the department prior to March
134 1, 1991; or (2) a business facility for which a certificate of eligibility has
135 been issued by the department and which is located in an enterprise
136 zone designated pursuant to section 32-70. A business facility for
137 which such a certificate is issued shall be deemed an eligible business
138 facility only during the twenty-four-month period following the day
139 on which the certificate of eligibility is issued. A business facility may
140 not become an eligible business facility for the purposes of sections 32-
141 9i to 32-9l, inclusive, unless it meets each of the following
142 requirements: (A) It is a facility which does not primarily serve said
143 eligible municipality in which it is located. A facility shall be deemed
144 to meet this requirement if it is used primarily for the manufacturing,
145 processing or assembling of raw materials or manufactured products,
146 or for research or industrial warehousing, or any combination thereof
147 or, if located in an enterprise zone designated pursuant to section 32-
148 70, it is to be used by an establishment, an auxiliary or an operating
149 unit of an establishment, [as such terms are defined in the Standard
150 Industrial Classification Manual, in the categories of depository
151 institutions, nondepository credit institutions, insurance carriers,

152 holding or other investment offices, business services, health services,
153 fishing, hunting and trapping, motor freight transportation and
154 warehousing, water transportation, transportation by air,
155 transportation services, security and commodity brokers, dealers,
156 exchanges and services or engineering, accounting, research,
157 management and related services from the Standard Industrial
158 Classification Manual, which establishment, auxiliary or operating unit
159 shows a strong performance in exporting goods and services, as
160 defined by the commissioner through regulations adopted in
161 accordance with the provisions of chapter 54] which is an economic
162 base business as defined in subsection (d) of section 32-222 or has a
163 North American Industrial Classification code of 114111 through
164 114210, 311111 through 339999 or 482111 through 484230, 488310,
165 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120, 512191,
166 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120,
167 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128,
168 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310,
169 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any
170 business that is part of an economic cluster, as defined in subsection (e)
171 of section 32-222, or any establishment or auxiliary or operating unit
172 thereof, as defined in the North American Industrial Classification
173 System Manual. A facility shall not be deemed to meet this
174 requirement if (i) it is used primarily in making retail sales of goods or
175 services to customers who personally visit such facility to obtain such
176 goods or services, or (ii) it is used primarily as a hotel, apartment
177 house or other place of business which furnishes dwelling space or
178 accommodations to either residents or transients; (B) it is a facility
179 which is newly constructed or has undergone major expansion or
180 renovation as determined by the Commissioner of Economic and
181 Community Development, and (C) it is a facility which will create in
182 the eligible municipality in which it is located, as a direct result of such
183 construction, expansion or renovation, not less than five new
184 employment positions, or in the case of a facility located in an
185 enterprise zone designated pursuant to section 32-70, not less than
186 three new employment positions in the enterprise zone.

187 (c) "Commissioner" means the Commissioner of Economic and
188 Community Development.

189 (d) "Department" means the Department of Economic and
190 Community Development.

191 (e) "Eligibility period" means the twenty-four-month period
192 following the day on which the certificate of eligibility is issued.

193 (f) "Full-time employee" means an employee who works a minimum
194 of thirty-five hours per week.

195 Sec. 4. Section 32-9p of the general statutes is repealed and the
196 following is substituted in lieu thereof (*Effective July 1, 2011*):

197 As used in subdivisions (59) and (60) of section 12-81, as amended
198 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
199 by this act, and 32-23p, the following words and terms have the
200 following meanings:

201 (a) "Area of high unemployment" means, as of the date of any final
202 and official determination by the authority or the department to
203 extend assistance under said sections, any municipality which is a
204 distressed municipality as defined in subsection (b) of this section, and
205 any other municipality in the state which in the calendar year
206 preceding such determination had a rate of unemployment which
207 exceeded one hundred ten per cent of the average rate of
208 unemployment in the state for the same calendar year, as determined
209 by the Labor Department, provided no such other municipality with
210 an unemployment rate of less than six per cent shall be an area of high
211 unemployment.

212 (b) "Distressed municipality" means, as of the date of the issuance of
213 an eligibility certificate, any municipality in the state which, according
214 to the United States Department of Housing and Urban Development
215 meets the necessary number of quantitative physical and economic
216 distress thresholds which are then applicable for eligibility for the
217 urban development action grant program under the Housing and

218 Community Development Act of 1977, as amended, or any town
219 within which is located an unconsolidated city or borough which
220 meets such distress thresholds. Any municipality which, at any time
221 subsequent to July 1, 1978, has met such thresholds but which at any
222 time thereafter fails to meet such thresholds, according to said
223 department, shall be deemed to be a distressed municipality for a
224 period of five years subsequent to the date of the determination that
225 such municipality fails to meet such thresholds, unless such
226 municipality elects to terminate its designation as a "distressed
227 municipality", by vote of its legislative body, not later than September
228 1, 1985, or not later than three months after receiving notification from
229 the commissioner that it no longer meets such thresholds, whichever is
230 later. In the event a distressed municipality elects to terminate its
231 designation, the municipality shall notify the commissioner and the
232 Secretary of the Office of Policy and Management in writing within
233 thirty days. In the event that the commissioner determines that
234 amendatory federal legislation or administrative regulation has
235 materially changed the distress thresholds thereby established,
236 "distressed municipality" shall mean any municipality in the state
237 which meets comparable thresholds of distress which are then
238 applicable in the areas of high unemployment and poverty, aging
239 housing stock and low or declining rates of growth in job creation,
240 population and per capita income as established by the commissioner,
241 consistent with the purposes of subdivisions (59) and (60) of section 12-
242 81, as amended by this act, and sections 12-217e, 32-9p to 32-9s,
243 inclusive, as amended by this act, and 32-23p, in regulations adopted
244 in accordance with chapter 54. For purposes of sections 32-9p to 32-9s,
245 inclusive, as amended by this act, "distressed municipality" shall also
246 mean any municipality adversely impacted by a major plant closing,
247 relocation or layoff, provided the eligibility of a municipality shall not
248 exceed two years from the date of such closing, relocation or layoff.
249 The Commissioner of Economic and Community Development shall
250 adopt regulations, in accordance with the provisions of chapter 54,
251 which define what constitutes a "major plant closing, relocation or
252 layoff" for purposes of sections 32-9p to 32-9s, inclusive, as amended

253 by this act. "Distressed municipality" shall also mean the portion of
254 any municipality which is eligible for designation as an enterprise
255 zone pursuant to subdivision (2) of subsection (b) of section 32-70.

256 (c) "Eligibility certificate" means a certificate issued by the
257 department pursuant to section 32-9r, as amended by this act,
258 evidencing its determination that a facility for which an application for
259 assistance has been submitted qualifies as a manufacturing facility and
260 is eligible for assistance under section 12-217e and subdivisions (59)
261 and (60) of section 12-81, as amended by this act.

262 (d) "Manufacturing facility" means any plant, building, other real
263 property improvement, or part thereof, (1) which (A) is constructed or
264 substantially renovated or expanded on or after July 1, 1978, in a
265 distressed municipality, a targeted investment community as defined
266 in section 32-222, or an enterprise zone designated pursuant to section
267 32-70, or (B) is acquired on or after July 1, 1978, in a distressed
268 municipality, a targeted investment community as defined in section
269 32-222, or an enterprise zone designated pursuant to said section 32-70,
270 by a business organization which is unrelated to and unaffiliated with
271 the seller, after having been idle for at least one year prior to its
272 acquisition and regardless of its previous use; (2) which is to be used
273 for the manufacturing, processing or assembling of raw materials,
274 parts or manufactured products, for research and development
275 facilities directly related to manufacturing, for the significant servicing,
276 overhauling or rebuilding of machinery and equipment for industrial
277 use, or, except as provided in this subsection, for warehousing and
278 distribution or, (A) if located in an enterprise zone designated
279 pursuant to said section 32-70, which is to be used by an establishment,
280 an auxiliary or an operating unit of an establishment, [as such terms
281 are defined in the Standard Industrial Classification Manual, in the
282 categories of depository institutions, nondepository credit institutions,
283 insurance carriers, holding or other investment offices, business
284 services, health services, fishing, hunting and trapping, motor freight
285 transportation and warehousing, water transportation, transportation
286 by air, transportation services, security and commodity brokers,

287 dealers, exchanges and services, telemarketing or engineering,
288 accounting, research, management and related services including, but
289 not limited to, management consulting services from the Standard
290 Industrial Classification Manual or in Sector 48, 49, 52, 54, 55, or 62,
291 Subsector 114 or 561, or industry group 5621 in the North American
292 Industrial Classification System, United States Manual, United States
293 Office of Management and Budget, 1997 edition, which establishment,
294 auxiliary or operating unit shows a strong performance in exporting
295 goods and services, and as further defined by the commissioner
296 through regulations adopted under chapter 54] which is an economic
297 base business as defined in subsection (d) of section 32-222 or has a
298 North American Industrial Classification code of 114111 through
299 114210, 311111 through 339999 or 482111 through 484230, 488310,
300 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120, 512191,
301 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120,
302 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128,
303 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310,
304 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any
305 business that is part of an economic cluster, as defined in subsection (e)
306 of section 32-222, or any establishment or auxiliary or operating unit
307 thereof, as defined in the North American Industrial Classification
308 System Manual, or (B) if located in an enterprise zone designated
309 pursuant to said section 32-70, which is to be used by an establishment
310 primarily engaged in supplying goods or services in the fields of
311 computer hardware or software, computer networking,
312 telecommunications or communications, or (C) if located in a
313 municipality with an entertainment district designated under section
314 32-76 or established under section 2 of public act 93-311, is to be used
315 in the production of entertainment products, including multimedia
316 products, or as part of the airing, display or provision of live
317 entertainment for stage or broadcast, including support services such
318 as set manufacturers, scenery makers, sound and video equipment
319 providers and manufacturers, stage and screen writers, providers of
320 capital for the entertainment industry and agents for talent, writers,
321 producers and music properties and technological infrastructure

322 support including, but not limited to, fiber optics, necessary to support
323 multimedia and other entertainment formats, except entertainment
324 provided by or shown at a gambling or gaming facility or a facility
325 whose primary business is the sale or serving of alcoholic beverages;
326 and (3) for which the department has issued an eligibility certificate in
327 accordance with section 32-9r, as amended by this act. In the case of
328 facilities which are acquired, the department may waive the
329 requirement of one year of idleness if it determines that, absent
330 qualification as a manufacturing facility under subdivisions (59) and
331 (60) of section 12-81, as amended by this act, and sections 12-217e, 32-
332 9p to 32-9s, inclusive, as amended by this act, and 32-23p, there is a
333 high likelihood that the facility will remain idle for one year. In the
334 case of facilities located in an enterprise zone designated pursuant to
335 said section 32-70, (A) the idleness requirement in subparagraph (B) of
336 subdivision (1) of this subsection, for business organizations which
337 over the six months preceding such acquisition have had an average
338 total employment of between six and nineteen employees, inclusive,
339 shall be reduced to a minimum of six months, and (B) the idleness
340 requirement shall not apply to business organizations with an average
341 total employment of five or fewer employees, provided no more than
342 one eligibility certificate shall be issued under this subparagraph for
343 the same facility within a three-year period. Of those facilities which
344 are for warehousing and distribution, only those which are newly
345 constructed or which represent an expansion of an existing facility
346 qualify as manufacturing facilities. In the event that only a portion of a
347 plant is acquired, constructed, renovated or expanded, only the
348 portion acquired, constructed, renovated or expanded constitutes the
349 manufacturing facility. A manufacturing facility which is leased may
350 for the purposes of subdivisions (59) and (60) of section 12-81, as
351 amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as
352 amended by this act, and 32-23p, be treated in the same manner as a
353 facility which is acquired if the provisions of the lease serve to further
354 the purposes of subdivisions (59) and (60) of section 12-81, as amended
355 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
356 by this act, and 32-23p and demonstrate a substantial, long-term

357 commitment by the occupant to use the manufacturing facility,
358 including a contract for lease for an initial minimum term of five years
359 with provisions for the extension of the lease at the request of the
360 lessee for an aggregate term which shall not be less than ten years, or
361 the right of the lessee to purchase the facility at any time after the
362 initial five-year term, or both. For a facility located in an enterprise
363 zone designated pursuant to said section 32-70, and occupied by a
364 business organization with an average total employment of ten or
365 fewer employees over the six-month period preceding acquisition,
366 such contract for lease may be for an initial minimum term of three
367 years with provisions for the extension of the lease at the request of the
368 lessee for an aggregate term which shall not be less than six years, or
369 the right of the lessee to purchase the facility at any time after the
370 initial three-year term, or both, and may also include the right for the
371 lessee to relocate to other space within the same enterprise zone,
372 provided such space is under the same ownership or control as the
373 originally leased space or if such space is not under such same
374 ownership or control as the originally leased space, permission to
375 relocate is granted by the lessor of such originally leased space, and
376 such relocation shall not extend the duration of benefits granted under
377 the original eligibility certificate. Except as provided in subparagraph
378 (B) of subdivision (1) of this subsection, a manufacturing facility does
379 not include any plant, building, other real property improvement or
380 part thereof used or usable for such purposes which existed before July
381 1, 1978.

382 (e) "Service facility" means a manufacturing facility described in
383 subparagraph (A) or (B) of subdivision (2) of subsection (d) of this
384 section, provided such facility is located outside of an enterprise zone
385 in a targeted investment community.

386 (f) "Authority", "capital reserve fund bond", "commissioner",
387 "department", "industrial project" and "insurance fund" shall have the
388 meaning such words and terms are given in section 32-23d.

389 (g) "Municipality" means any town, city or borough in the state.

390 Sec. 5. Section 32-9p of the general statutes, as amended by section 5
391 of public act 10-98, is repealed and the following is substituted in lieu
392 thereof (*Effective October 1, 2011*):

393 As used in subdivisions (59) and (60) of section 12-81, as amended
394 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
395 by this act, and 32-23p, the following words and terms have the
396 following meanings:

397 (a) "Area of high unemployment" means, as of the date of any final
398 and official determination by the authority or the department to
399 extend assistance under said sections, any municipality which is a
400 distressed municipality as defined in subsection (b) of this section, and
401 any other municipality in the state which in the calendar year
402 preceding such determination had a rate of unemployment which
403 exceeded one hundred ten per cent of the average rate of
404 unemployment in the state for the same calendar year, as determined
405 by the Labor Department, provided no such other municipality with
406 an unemployment rate of less than six per cent shall be an area of high
407 unemployment.

408 (b) "Distressed municipality" means, as of the date of the issuance of
409 an eligibility certificate, any municipality in the state which, according
410 to the United States Department of Housing and Urban Development
411 meets the necessary number of quantitative physical and economic
412 distress thresholds which are then applicable for eligibility for the
413 urban development action grant program under the Housing and
414 Community Development Act of 1977, as amended, or any town
415 within which is located an unconsolidated city or borough which
416 meets such distress thresholds. Any municipality which, at any time
417 subsequent to July 1, 1978, has met such thresholds but which at any
418 time thereafter fails to meet such thresholds, according to said
419 department, shall be deemed to be a distressed municipality for a
420 period of five years subsequent to the date of the determination that
421 such municipality fails to meet such thresholds, unless such
422 municipality elects to terminate its designation as a "distressed

423 municipality", by vote of its legislative body, not later than September
424 1, 1985, or not later than three months after receiving notification from
425 the commissioner that it no longer meets such thresholds, whichever is
426 later. In the event a distressed municipality elects to terminate its
427 designation, the municipality shall notify the commissioner and the
428 Secretary of the Office of Policy and Management in writing within
429 thirty days. In the event that the commissioner determines that
430 amendatory federal legislation or administrative regulation has
431 materially changed the distress thresholds thereby established,
432 "distressed municipality" shall mean any municipality in the state
433 which meets comparable thresholds of distress which are then
434 applicable in the areas of high unemployment and poverty, aging
435 housing stock and low or declining rates of growth in job creation,
436 population and per capita income as established by the commissioner,
437 consistent with the purposes of subdivisions (59) and (60) of section 12-
438 81, as amended by this act, and sections 12-217e, 32-9p to 32-9s,
439 inclusive, as amended by this act, and 32-23p, in regulations adopted
440 in accordance with chapter 54. For purposes of sections 32-9p to 32-9s,
441 inclusive, as amended by this act, "distressed municipality" shall also
442 mean any municipality adversely impacted by a major plant closing,
443 relocation or layoff, provided the eligibility of a municipality shall not
444 exceed two years from the date of such closing, relocation or layoff.
445 The Commissioner of Economic and Community Development shall
446 adopt regulations, in accordance with the provisions of chapter 54,
447 which define what constitutes a "major plant closing, relocation or
448 layoff" for purposes of sections 32-9p to 32-9s, inclusive, as amended
449 by this act. "Distressed municipality" shall also mean the portion of
450 any municipality which is eligible for designation as an enterprise
451 zone pursuant to subdivision (2) of subsection (b) of section 32-70. [and
452 the portion of any municipality that contains the airport development
453 zone established pursuant to section 32-75d.]

454 (c) "Eligibility certificate" means a certificate issued by the
455 department pursuant to section 32-9r, as amended by this act,
456 evidencing its determination that a facility for which an application for
457 assistance has been submitted qualifies as a manufacturing facility and

458 is eligible for assistance under section 12-217e and subdivisions (59)
459 and (60) of section 12-81, as amended by this act.

460 (d) "Manufacturing facility" means any plant, building, other real
461 property improvement, or part thereof, (1) which (A) is constructed or
462 substantially renovated or expanded on or after July 1, 1978, in a
463 distressed municipality, a targeted investment community as defined
464 in section 32-222, an enterprise zone designated pursuant to section 32-
465 70 or the airport development zone established pursuant to section 32-
466 75d, or (B) is acquired on or after July 1, 1978, in a distressed
467 municipality, a targeted investment community as defined in section
468 32-222, an enterprise zone designated pursuant to said section 32-70 or
469 the airport development zone established pursuant to section 32-75d,
470 by a business organization which is unrelated to and unaffiliated with
471 the seller, after having been idle for at least one year prior to its
472 acquisition and regardless of its previous use; (2) which is to be used
473 for the manufacturing, processing or assembling of raw materials,
474 parts or manufactured products, for research and development
475 facilities directly related to manufacturing, for the significant servicing,
476 overhauling or rebuilding of machinery and equipment for industrial
477 use, or, except as provided in this subsection, for warehousing and
478 distribution or, (A) if located in an enterprise zone designated
479 pursuant to said section 32-70, which is to be used by an establishment,
480 an auxiliary or an operating unit of an establishment, [as such terms
481 are defined in the Standard Industrial Classification Manual, in the
482 categories of depository institutions, nondepository credit institutions,
483 insurance carriers, holding or other investment offices, business
484 services, health services, fishing, hunting and trapping, motor freight
485 transportation and warehousing, water transportation, transportation
486 by air, transportation services, security and commodity brokers,
487 dealers, exchanges and services, telemarketing or engineering,
488 accounting, research, management and related services including, but
489 not limited to, management consulting services from the Standard
490 Industrial Classification Manual or in Sector 48, 49, 52, 54, 55, or 62,
491 Subsector 114 or 561, or industry group 5621 in the North American
492 Industrial Classification System, United States Manual, United States

493 Office of Management and Budget, 1997 edition, which establishment,
494 auxiliary or operating unit shows a strong performance in exporting
495 goods and services, and as further defined by the commissioner
496 through regulations adopted under chapter 54] which is an economic
497 base business as defined in subsection (d) of section 32-222 or has a
498 North American Industrial Classification code of 114111 through
499 114210, 311111 through 339999 or 482111 through 484230, 488310,
500 488320, 488991, 493120, 493130, 493190, 511210, 512110, 512120, 512191,
501 522210, 522293, 522294, 522298, 522310, 522320, 522390, 523110, 523120,
502 523130, 523140, 523210, 523910, 524113, 524114, 524126, 524127, 524128,
503 524130, 524292, 541711, 541712, 551111, 551112, 551114, 561422, 611310,
504 611410, 611420, 611430, 611513, 611519, 611710 and 624410 or any
505 business that is part of an economic cluster, as defined in subsection (e)
506 of section 32-222, or any establishment or auxiliary or operating unit
507 thereof, as defined in the North American Industrial Classification
508 System Manual, or (B) if located in an enterprise zone designated
509 pursuant to said section 32-70, which is to be used by an establishment
510 primarily engaged in supplying goods or services in the fields of
511 computer hardware or software, computer networking,
512 telecommunications or communications, or (C) if located in a
513 municipality with an entertainment district designated under section
514 32-76 or established under section 2 of public act 93-311, is to be used
515 in the production of entertainment products, including multimedia
516 products, or as part of the airing, display or provision of live
517 entertainment for stage or broadcast, including support services such
518 as set manufacturers, scenery makers, sound and video equipment
519 providers and manufacturers, stage and screen writers, providers of
520 capital for the entertainment industry and agents for talent, writers,
521 producers and music properties and technological infrastructure
522 support including, but not limited to, fiber optics, necessary to support
523 multimedia and other entertainment formats, except entertainment
524 provided by or shown at a gambling or gaming facility or a facility
525 whose primary business is the sale or serving of alcoholic beverages, or
526 (D) if located in the airport development zone established pursuant to
527 section 32-75d, (i) which is to be used for the warehousing or motor

528 freight distribution of goods transported by aircraft to or from an
529 airport located in such zone, or (ii) in the opinion of the Commissioner
530 of Economic and Community Development, is dependent upon or
531 directly related to such airport and which, except as provided in this
532 subparagraph, is to be used for any other business service, including,
533 but not limited to, information technology but excluding any service
534 provided by an organization that has a North American Industrial
535 Classification Code of 441110 to 454390, inclusive, 532111, 532112 or
536 812930; and (3) for which the department has issued an eligibility
537 certificate in accordance with section 32-9r, as amended by this act. In
538 the case of facilities which are acquired, the department may waive the
539 requirement of one year of idleness if it determines that, absent
540 qualification as a manufacturing facility under subdivisions (59) and
541 (60) of section 12-81, as amended by this act, and sections 12-217e, 32-
542 9p to 32-9s, inclusive, as amended by this act, and 32-23p, there is a
543 high likelihood that the facility will remain idle for one year. In the
544 case of facilities located in an enterprise zone designated pursuant to
545 said section 32-70, (A) the idleness requirement in subparagraph (B) of
546 subdivision (1) of this subsection, for business organizations which
547 over the six months preceding such acquisition have had an average
548 total employment of between six and nineteen employees, inclusive,
549 shall be reduced to a minimum of six months, and (B) the idleness
550 requirement shall not apply to business organizations with an average
551 total employment of five or fewer employees, provided no more than
552 one eligibility certificate shall be issued under this subparagraph for
553 the same facility within a three-year period. Of those facilities which
554 are for warehousing and distribution, only those which are newly
555 constructed or which represent an expansion of an existing facility
556 qualify as manufacturing facilities. In the event that only a portion of a
557 plant is acquired, constructed, renovated or expanded, only the
558 portion acquired, constructed, renovated or expanded constitutes the
559 manufacturing facility. A manufacturing facility which is leased may
560 for the purposes of subdivisions (59) and (60) of section 12-81, as
561 amended by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as
562 amended by this act, and 32-23p, be treated in the same manner as a

563 facility which is acquired if the provisions of the lease serve to further
564 the purposes of subdivisions (59) and (60) of section 12-81, as amended
565 by this act, and sections 12-217e, 32-9p to 32-9s, inclusive, as amended
566 by this act, and 32-23p and demonstrate a substantial, long-term
567 commitment by the occupant to use the manufacturing facility,
568 including a contract for lease for an initial minimum term of five years
569 with provisions for the extension of the lease at the request of the
570 lessee for an aggregate term which shall not be less than ten years, or
571 the right of the lessee to purchase the facility at any time after the
572 initial five-year term, or both. For a facility located in an enterprise
573 zone designated pursuant to said section 32-70, and occupied by a
574 business organization with an average total employment of ten or
575 fewer employees over the six-month period preceding acquisition,
576 such contract for lease may be for an initial minimum term of three
577 years with provisions for the extension of the lease at the request of the
578 lessee for an aggregate term which shall not be less than six years, or
579 the right of the lessee to purchase the facility at any time after the
580 initial three-year term, or both, and may also include the right for the
581 lessee to relocate to other space within the same enterprise zone,
582 provided such space is under the same ownership or control as the
583 originally leased space or if such space is not under such same
584 ownership or control as the originally leased space, permission to
585 relocate is granted by the lessor of such originally leased space, and
586 such relocation shall not extend the duration of benefits granted under
587 the original eligibility certificate. Except as provided in subparagraph
588 (B) of subdivision (1) of this subsection, a manufacturing facility does
589 not include any plant, building, other real property improvement or
590 part thereof used or usable for such purposes which existed before July
591 1, 1978.

592 (e) "Service facility" means a manufacturing facility described in
593 subparagraph (A) or (B) of subdivision (2) of subsection (d) of this
594 section, provided such facility is located outside of an enterprise zone
595 in a targeted investment community.

596 (f) "Authority", "capital reserve fund bond", "commissioner",

597 "department", "industrial project" and "insurance fund" shall have the
598 meaning such words and terms are given in section 32-23d.

599 (g) "Municipality" means any town, city or borough in the state.

600 Sec. 6. Subsection (f) of section 32-9r of the general statutes is
601 repealed and the following is substituted in lieu thereof (*Effective July*
602 *1, 2011*):

603 (f) The commissioner shall adopt regulations, in accordance with
604 chapter 54, to carry out the provisions of this section. Such regulations
605 shall provide that establishments in the category of business support
606 services, as defined in [the Standard Industrial Classification Manual]
607 subsection (b) of section 32-222, or manufacturing facilities, as defined
608 in subsection (d) of section 32-9p, as amended by this act, may be
609 eligible for a certificate if they are located in an enterprise zone.

610 Sec. 7. Subdivision (1) of subsection (g) of section 32-9t of the
611 general statutes is repealed and the following is substituted in lieu
612 thereof (*Effective July 1, 2011*):

613 (g) (1) The commissioner, upon consideration of the application, the
614 revenue impact assessment and any additional information that the
615 commissioner requires concerning a proposed investment, may
616 approve an investment if the commissioner concludes that the project
617 in which such investment is to be made is an eligible urban
618 reinvestment project or an eligible industrial site investment project. If
619 the commissioner rejects an application, the commissioner shall
620 specifically identify the defects in the application and specifically
621 explain the reasons for the rejection. The commissioner shall render a
622 decision on an application not later than ninety days from its receipt.
623 The amount of the investment so approved shall not exceed the greater
624 of: (A) The amount of state revenue that will be generated according to
625 the revenue impact assessment prepared under this subsection; or (B)
626 the total of state revenue and local revenue generated according to
627 such assessment in the case of a manufacturing business with
628 [standard industrial classification codes of 3999, 2099, 2992 and 2834

629 which] North American Industrial Classification codes of 339999,
630 311211 through 312140, 324191 and 325412 that is relocating to a site in
631 Connecticut from out-of-state, provided the relocation will result in
632 new development of at least seven hundred twenty-five thousand
633 square feet in a state-sponsored industrial park.

634 Sec. 8. Subsection (d) of section 16a-40b of the general statutes is
635 repealed and the following is substituted in lieu thereof (*Effective July*
636 *1, 2011*):

637 (d) With respect to such loans made on or after July 1, 1981, all
638 repayments of principal shall be [paid to the State Treasurer for
639 deposit in the Housing Repayment and Revolving Loan Fund]
640 deposited into the Energy Conservation Loan Fund established
641 pursuant to section 16a-40a. The interest applicable to any such loans
642 made shall be paid to the State Treasurer for deposit in the General
643 Fund. [After the close of each fiscal year, commencing with the close of
644 the fiscal year ending June 30, 1992, and prior to the date of the
645 calculation required under subsection (f) of this section, the
646 Commissioner of Economic and Community Development shall cause
647 any balance of loan repayments under this section remaining in said
648 fund to be transferred to the Energy Conservation Loan Fund created
649 pursuant to section 16a-40a.]

650 Sec. 9. Subparagraph (B) of subdivision (2) of subsection (e) of
651 section 8-37qq of the general statutes is repealed and the following is
652 substituted in lieu thereof (*Effective July 1, 2011*):

653 (B) Notwithstanding any provision of the general statutes or any
654 public or special act to the contrary, except as provided in this
655 subsection, loans for any bond-financed state housing program which
656 the ultimate recipient is obligated to repay to the state, with or without
657 interest, may be paid out of moneys deposited in the Housing
658 Repayment and Revolving Loan Fund without the prior approval of
659 the State Bond Commission, subject to the approval of the Governor of
660 an allotment. [All payments on energy conservation loans pursuant to
661 said section 16a-40b shall be accounted for separately from other

662 moneys in the Housing Repayment and Revolving Loan Fund, and
663 shall be used to make further loans pursuant to said section 16a-40b
664 and to pay any administrative expense attributable to such loans.]

665 Sec. 10. Subdivision (3) of section 38a-88a of the general statutes is
666 repealed and the following is substituted in lieu thereof (*Effective July*
667 *1, 2011*):

668 (3) "New job" means a job that did not exist in the business of a
669 subject insurance business in this state prior to the subject insurance
670 business's application to the commissioner for an eligibility certificate
671 under this section for a new facility and that is filled by a new
672 employee, but does not include a job created when an employee is
673 shifted from an existing location of the subject insurance business in
674 this state to a new facility or was the result of a merger or acquisition
675 between the insurance business and another business located in the
676 state;

677 Sec. 11. Section 32-345 of the general statutes is repealed and the
678 following is substituted in lieu thereof (*Effective July 1, 2011*):

679 (a) The Department of Economic and Community Development
680 may establish a Connecticut development research and economic
681 assistance matching grant program, within available appropriations
682 and, for the purposes of providing financial aid, as defined in
683 subdivision (4) of section 32-34, to assist: (1) Connecticut small
684 businesses in conducting marketing-related activities to facilitate
685 commercialization of research projects funded under the small
686 business innovation research program or the small business
687 technology transfer program; (2) business-led consortia or Connecticut
688 businesses in connection with their participation in a federal
689 technology support program; and (3) micro businesses, in conducting
690 development and research. The department may enter into an
691 agreement, pursuant to chapter 55a, with a person, firm, corporation or
692 other entity to operate such program.

693 (b) Applications shall be submitted in the manner prescribed by the

694 department. Each such application shall include the following: (1) The
695 location of the principal place of business of the applicant; (2) an
696 explanation of the intended use of the funding being applied for, the
697 potential market for the end product of the project and the marketing
698 strategy; and (3) such other information that the department deems
699 necessary. Information contained in any such application submitted to
700 the department under this section which is of a proprietary nature
701 shall be exempt from the provisions of subsection (a) of section 1-210.

702 (c) In determining whether an applicant shall be selected for
703 funding pursuant to this section, the department, or the operator, if
704 any, selected pursuant to subsection (a) of this section, shall consider,
705 but such consideration need not be limited to, the following factors: (1)
706 The description of the small business innovation research project, the
707 small business technology transfer project or the federally-supported
708 technology project and the potential commercial applicability of such
709 project; (2) evidence of satisfactory participation in the applicable small
710 business innovation research program, the small business technology
711 transfer program or the federal technology support program; (3) the
712 potential impact of such research project on the workforce in the
713 region where such small business is located; (4) the size of the potential
714 market, strength of the marketing strategy, and ability of the applicant
715 to execute the strategy and successfully commercialize the end
716 product; and (5) the resources and record of success of the company
717 relative to development and commercialization. Within the availability
718 of funds, the department may provide financial aid to eligible
719 applicants provided no business may receive more than fifty thousand
720 dollars for any single small business innovation research project or
721 small business technology transfer project. The department may
722 require a business to repay such assistance or pay a multiple of the
723 assistance to the department. All such repayments and payments shall
724 be deposited in the Connecticut technology partnership assistance
725 program revolving account established under section 32-346.

726 (d) The department may establish a development, research and
727 economic assistance matching financial aid program for micro

728 businesses that have received federal funds for Phase II proposals
729 under the small business innovation research program and the small
730 business technology transfer program. Any micro business receiving
731 financial aid under this subsection shall use such financial aid for the
732 same purpose such micro business was awarded said federal funds.
733 The department may enter into an agreement, pursuant to chapter 55a,
734 with a person, firm, corporation or other entity to operate such a
735 program.

736 [(e) On or before January 15, 2008, and annually thereafter, the
737 Commissioner of Economic and Community Development shall, in
738 consultation with the program operator, if any, submit a report on the
739 status of the development research and economic assistance matching
740 grant program to the chairpersons of the joint standing committee of
741 the General Assembly having cognizance of matters relating to the
742 Department of Economic and Community Development. Such report
743 shall include, but need not be limited to, a description of the projects
744 supported and the type of financial aid provided.]

745 Sec. 12. Subsection (c) of section 32-1o of the general statutes is
746 repealed and the following is substituted in lieu thereof (*Effective July*
747 *1, 2011*):

748 (c) The strategic plan required under this section shall include, but
749 not be limited to, the following:

750 (1) A review and evaluation of the economy of the state. Such
751 review and evaluation shall include, but not be limited to, a sectoral
752 analysis, housing market and housing affordability analysis, labor
753 market and labor quality analysis, demographic analysis and historic
754 trend analysis and projections;

755 (2) A review and analysis of factors, issues and forces that impact or
756 impede economic development and responsible growth in Connecticut
757 and its constituent regions. Such factors, issues or forces shall include,
758 but not be limited to, transportation, including, but not limited to,
759 commuter transit, rail and barge freight, technology transfer,

760 brownfield remediation and development, health care delivery and
761 costs, early education, primary education, secondary and
762 postsecondary education systems and student performance, business
763 regulation, labor force quality and sustainability, social services costs
764 and delivery systems, affordable and workforce housing cost and
765 availability, land use policy, emergency preparedness, taxation,
766 availability of capital and energy costs and supply;

767 (3) Identification and analysis of economic clusters that are growing
768 or declining within the state;

769 (4) An analysis of targeted industry sectors in the state that (A)
770 identifies those industry sectors that are of current or future
771 importance to the growth of the state's economy and to its global
772 competitive position, (B) identifies what those industry sectors need
773 for continued growth, and (C) identifies those industry sectors' current
774 and potential impediments to growth;

775 (5) A review and evaluation of the economic development structure
776 in the state, including, but not limited to, (A) a review and analysis of
777 the past and current economic, community and housing development
778 structures, budgets and policies, efforts and responsibilities of its
779 constituent parts in Connecticut; and (B) an analysis of the
780 performance of the current economic, community and housing
781 development structure, and its individual constituent parts, in meeting
782 its statutory obligations, responsibilities and mandates and their
783 impact on economic development and responsible growth in
784 Connecticut;

785 (6) Establishment and articulation of a vision for Connecticut that
786 identifies where the state should be in five, ten, fifteen and twenty
787 years;

788 (7) Establishment of clear and measurable goals and objectives for
789 the state and regions, to meet the short and long-term goals established
790 under this section and provide clear steps and strategies to achieve
791 said goals and objectives, including, but not limited to, the following:

792 (A) The promotion of economic development and opportunity, (B) the
793 fostering of effective transportation access and choice including the use
794 of airports and ports for economic development, (C) enhancement and
795 protection of the environment, (D) maximization of the effective
796 development and use of the workforce consistent with applicable state
797 or local workforce investment strategy, (E) promotion of the use of
798 technology in economic development, including access to high-speed
799 telecommunications, and (F) the balance of resources through sound
800 management of physical development;

801 (8) Prioritization of goals and objectives established under this
802 section;

803 (9) Establishment of relevant measures that clearly identify and
804 quantify (A) whether a goal and objective is being met at the state,
805 regional, local and private sector level, and (B) cause and effect
806 relationships, and provide a clear and replicable measurement
807 methodology;

808 (10) Recommendations on how the state can best achieve goals
809 under the strategic plan and provide cost estimates for implementation
810 of the plan and the projected return on investment for those areas;

811 (11) A review and evaluation of the operation and efficacy of the
812 urban jobs program established pursuant to sections 32-9i to 32-9l,
813 inclusive, enterprise zones established pursuant to section 32-70,
814 railroad depot zones established pursuant to section 32-75a, qualified
815 manufacturing plants designated pursuant to section 32-75c,
816 entertainment districts established pursuant to section 32-76 and
817 enterprise corridor zones established pursuant to section 32-80. The
818 review and evaluation of enterprise zones shall include an analysis of
819 enterprise zones that have been expanded to include an area in a
820 contiguous municipality or in which there are base or plant closures;
821 [and]

822 (12) An assessment of program performance with regard to the
823 development, research and economic assistance matching grant

824 program established pursuant to section 32-345, as amended by this
825 act; and

826 [(12)] (13) Any other responsible growth information that the
827 commissioner deems appropriate.

828 Sec. 13. Section 32-356 of the general statutes is repealed and the
829 following is substituted in lieu thereof (*Effective July 1, 2011*):

830 (a) For purposes of this section, "incubator facilities" shall have the
831 same meaning as incubator facilities in section 32-34.

832 (b) The Commissioner of Economic and Community Development
833 shall establish [the] a small business incubator program. [to provide
834 grants to entities operating incubator facilities, as defined in section 32-
835 34.] The Department of Economic and Community Development may
836 enter into an agreement, pursuant to chapter 55a, with a person, firm,
837 corporation or other entity to operate such program. The department,
838 or a program operator selected pursuant to this subsection, shall,
839 subject to the availability of funds, operate a technology-based small
840 business incubator program. In accordance with the written guidelines
841 developed by the department, the department or program operator, if
842 any, may provide grants to [assist] entities operating incubator
843 facilities or to small businesses operating within incubator facilities.
844 Grants made pursuant to this section shall be used by such entities
845 operating incubator facilities to provide operating funds and related
846 services, including business plan preparation, assistance in acquiring
847 financing and management counseling or by such small businesses to
848 provide direct assistance for the operation of the business or
849 procurement of related services.

850 (c) [An entity] Applicants for funding consideration shall submit an
851 application for a grant pursuant to this section in the manner
852 prescribed by the Commissioner of Economic and Community
853 Development.

854 (d) There is established an account to be known as the small

855 business incubator account, which shall be a separate, nonlapsing
856 account within the General Fund. The commissioner may use funds
857 from the account to provide administrative expenses and grants
858 pursuant to this section.

859 (e) (1) There is established a Small Business Incubator Advisory
860 Board. Said board shall consist of: (A) The Commissioner of Economic
861 and Community Development; (B) the president of the Connecticut
862 Development Authority and the executive director of Connecticut
863 Innovations, Incorporated, as ex-officio nonvoting members, or their
864 designees; (C) one member to be appointed by the Governor; (D) two
865 members with experience in the field of technology transfer and
866 commercialization, to be appointed by the speaker of the House of
867 Representatives; (E) two members with experience in new product and
868 market development, to be appointed by the president pro tempore of
869 the Senate; (F) one member to be appointed by the majority leader of
870 the Senate; (G) one member to be appointed by the majority leader of
871 the House of Representatives; (H) one member with experience in seed
872 and early stage capital investment, to be appointed by the minority
873 leader of the House of Representatives; and (I) one member with
874 experience in seed and early stage capital investment, to be appointed
875 by the minority leader of the Senate. All initial appointments to said
876 board shall be made not later than September 1, 2007.

877 (2) The Commissioner of Economic and Community Development
878 shall schedule the first meeting of said board not later than October 15,
879 2007. Thereafter, the board shall meet at least once annually to evaluate
880 and recommend changes to the guidelines adopted pursuant to this
881 section.

882 Sec. 14. Section 32-290a of the general statutes is repealed and the
883 following is substituted in lieu thereof (*Effective July 1, 2011*):

884 (a) The Commissioner of Economic and Community Development,
885 in consultation with the Commissioner of Social Services and the Labor
886 Commissioner, may establish, within available appropriations, an
887 entrepreneurial training program for the purpose of training and

888 preparing former recipients of temporary family assistance, general
889 assistance, state-administered general assistance and aid to families
890 with dependent children, ex-offenders, dislocated workers, displaced
891 homemakers and high school drop-outs for self-employment and
892 entrepreneurial opportunities.

893 (b) The Commissioner of Economic and Community Development
894 may adopt regulations, in accordance with the provisions of chapter
895 54, to carry out the purposes of this section.

896 Sec. 15. Subsection (e) of section 32-56 of the general statutes is
897 repealed and the following is substituted in lieu thereof (*Effective from*
898 *passage*):

899 (e) Any business facility located in a municipality declared by the
900 commissioner to be severely impacted by a prime defense contract
901 cutback or major aerospace or defense plant closure pursuant to
902 subsection (c) of this section, which facility would be a "manufacturing
903 facility", as defined in subsection (d) of section 32-9p, but for the fact
904 that the facility is not in a "distressed municipality", as defined in
905 subsection (b) of section 32-9p, will be deemed a manufacturing facility
906 for the purposes of sections 32-9p to 32-9s, inclusive, section 12-217e,
907 and subdivisions (59) and (60) of section 12-81, if the purpose of the
908 construction, expansion, renovation or acquisition of such facility is
909 not dependent on prime defense contracts or related subcontracts. The
910 provisions of this section shall apply to a business facility located in a
911 building that was vacant (1) on July 1, 1998, and was formerly used for
912 defense manufacturing, or (2) on or after the effective date of this
913 section and was formally used as a major aerospace or defense plant
914 with not less than eight hundred employees.

915 Sec. 16. Subsection (a) of section 32-9yy of the general statutes is
916 repealed and the following is substituted in lieu thereof (*Effective from*
917 *passage*):

918 (a) As used in this section, "qualified business" means a Connecticut
919 business, whether for-profit or not-for-profit, employing less than

920 [fifty] one hundred employees.

921 Sec. 17. Subdivision (59) of section 12-81 of the general statutes, as
922 amended by section 2 of public act 10-98, is repealed and the following
923 is substituted in lieu thereof (*Effective from passage*):

924 (59) (a) [Any] With respect to assessment years commencing on and
925 after October 1, 2012, any manufacturing facility, as defined in section
926 32-9p, as amended by this act, acquired, constructed, substantially
927 renovated or expanded on or after July 1, 1978, in a distressed
928 municipality, as defined in said section, in a targeted investment
929 community, as defined in section 32-222, in an enterprise zone
930 designated pursuant to section 32-70 or in an airport development
931 zone established pursuant to section 32-75d and for which an
932 eligibility certificate has been issued by the Department of Economic
933 and Community Development, and any manufacturing plant
934 designated by the Commissioner of Economic and Community
935 Development under subsection (a) of section 32-75c as follows: To the
936 extent of eighty per cent of its valuation for purposes of assessment in
937 each of the five full assessment years following the assessment year in
938 which the acquisition, construction, renovation or expansion of the
939 manufacturing facility is completed, except that a manufacturing
940 facility having a [standard industrial classification code of 2833 or
941 2834] North American Industrial Classification Code of 325411 or
942 325412 and having at least one thousand full-time employees, as
943 defined in subsection (f) of section 32-9j, as amended by this act, shall
944 be eligible to have the assessment period extended for five additional
945 years upon approval of the commissioner, in accordance with all
946 applicable regulations, provided such full-time employees have not
947 been relocated from another facility in the state operated by the same
948 eligible applicant;

949 (b) Any service facility, as defined in section 32-9p, as amended by
950 this act, acquired, constructed, substantially renovated or expanded on
951 or after July 1, 1996, and for which an eligibility certificate has been
952 issued by the Department of Economic and Community Development,

953 as follows: (i) In the case of an investment of twenty million dollars or
954 more but not more than thirty-nine million dollars in the service
955 facility, to the extent of forty per cent of its valuation for purposes of
956 assessment in each of the five full assessment years following the
957 assessment year in which the acquisition, construction, renovation or
958 expansion of the service facility is completed; (ii) in the case of an
959 investment of more than thirty-nine million dollars but not more than
960 fifty-nine million dollars in the service facility, to the extent of fifty per
961 cent of its valuation for purposes of assessment in each of the five full
962 assessment years following the assessment year in which the
963 acquisition, construction, renovation or expansion of the service
964 facility is completed; (iii) in the case of an investment of more than
965 fifty-nine million dollars but not more than seventy-nine million
966 dollars in the service facility, to the extent of sixty per cent of its
967 valuation for purposes of assessment in each of the five full assessment
968 years following the assessment year in which the acquisition,
969 construction, renovation or expansion of the service facility is
970 completed; (iv) in the case of an investment of more than seventy-nine
971 million dollars but not more than ninety million dollars in the service
972 facility, to the extent of seventy per cent of its valuation for purposes of
973 assessment in each of the five full assessment years following the
974 assessment year in which the acquisition, construction, renovation or
975 expansion of the service facility is completed; or (v) in the case of an
976 investment of more than ninety million dollars in the service facility, to
977 the extent of eighty per cent of its valuation for purposes of assessment
978 in each of the five full assessment years following the assessment year
979 in which the acquisition, construction, renovation or expansion of the
980 service facility is completed, except that any financial institution, as
981 defined in [section 12-217u] subsection (b) of section 32-236, having at
982 least four thousand qualified employees, as determined in accordance
983 with an agreement pursuant to [subdivision (3) of subsection (n) of
984 section 12-217u] subsection (b) of section 32-236, shall be eligible to
985 have the assessment period extended for five additional years upon
986 approval of the commissioner, in accordance with all applicable
987 regulations, provided such full-time employees have not been

988 relocated from another facility in the state operated by the same
989 eligible applicant. In no event shall the definition of qualified
990 employee be more favorable to the employer than the definition
991 provided in [section 12-217u] subsection (b) of section 32-236;

992 (c) The completion date of a manufacturing facility, manufacturing
993 plant or a service facility will be determined by the Department of
994 Economic and Community Development taking into account the
995 issuance of occupancy certificates and such other factors as it deems
996 relevant. In the case of a manufacturing facility, manufacturing plant
997 or a service facility which consists of a constructed, renovated or
998 expanded portion of an existing plant, the assessed valuation of the
999 facility or manufacturing plant is the difference between the assessed
1000 valuation of the plant prior to its being improved and the assessed
1001 valuation of the plant upon completion of the improvements. In the
1002 case of a manufacturing facility, manufacturing plant or a service
1003 facility which consists of an acquired portion of an existing plant, the
1004 assessed valuation of the facility or manufacturing plant is the assessed
1005 valuation of the portion acquired. This exemption shall be applicable
1006 during each such assessment year regardless of any change in the
1007 ownership or occupancy of the facility or manufacturing plant. If
1008 during any such assessment year, however, any facility for which an
1009 eligibility certificate has been issued ceases to qualify as a
1010 manufacturing facility, manufacturing plant or a service facility, the
1011 entitlement to the exemption allowed by this subdivision shall
1012 terminate for the assessment year following the date on which the
1013 qualification ceases, and there shall not be a pro rata application of the
1014 exemption. Any person who desires to claim the exemption provided
1015 in this subdivision shall file annually with the assessor or board of
1016 assessors in the distressed municipality, targeted investment
1017 community, enterprise zone designated pursuant to section 32-70 or in
1018 the town within the airport development zone established pursuant to
1019 section 32-75d in which the manufacturing facility or service facility is
1020 located, on or before the first day of November, written application
1021 claiming such exemption on a form prescribed by the Secretary of the
1022 Office of Policy and Management. Failure to file such application in

1023 this manner and form within the time limit prescribed shall constitute
 1024 a waiver of the right to such exemption for such assessment year,
 1025 unless an extension of time is allowed pursuant to section 12-81k, and
 1026 upon payment of the required fee for late filing;

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage, and applicable to assessment years commencing on and after October 1, 2011</i>	12-81(59)
Sec. 2	<i>October 1, 2011, and applicable to assessment years commencing on and after October 1, 2011</i>	12-81u
Sec. 3	<i>July 1, 2011</i>	32-9j
Sec. 4	<i>July 1, 2011</i>	32-9p
Sec. 5	<i>October 1, 2011</i>	32-9p
Sec. 6	<i>July 1, 2011</i>	32-9r(f)
Sec. 7	<i>July 1, 2011</i>	32-9t(g)(1)
Sec. 8	<i>July 1, 2011</i>	16a-40b(d)
Sec. 9	<i>July 1, 2011</i>	8-37qq(e)(2)(B)
Sec. 10	<i>July 1, 2011</i>	38a-88a(3)
Sec. 11	<i>July 1, 2011</i>	32-345
Sec. 12	<i>July 1, 2011</i>	32-1o(c)
Sec. 13	<i>July 1, 2011</i>	32-356
Sec. 14	<i>July 1, 2011</i>	32-290a
Sec. 15	<i>from passage</i>	32-56(e)
Sec. 16	<i>from passage</i>	32-9yy(a)
Sec. 17	<i>from passage</i>	12-81(59)

Statement of Legislative Commissioners:

In section 1, the effective date was changed to from passage; in section 8, brackets were added for accuracy; in section 12(12), the sentence was rewritten to conform with existing language; and section 17 was added to ensure conformity with existing statutory provisions.

CE *Joint Favorable Subst.-LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11\$	FY 12\$	FY 13\$
Policy & Mgmt., Off.	GF - None	None	See below	See below
Department of Revenue Services	GF - Potential Revenue Loss	None	Up to \$1,085,000	Up to \$1,085,000
Department of Economic & Community Development	GF - Cost	None	Potential	Potential

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 11\$	FY 12\$	FY 13\$
Various Municipalities	Cost/Revenue Gain	See Below	See Below	See Below

Explanation

Sections 1, 2, and 7 result in no fiscal impact to the Department of Economic and Community Development (DECD) by updating industry reference codes and industries listed in statute to the most current industry reference codes listed by the federal government.

Sections 3, 4, and 6 extend certain economic development incentives to 1) economic-based businesses, 2) businesses in a DECD-designated industry cluster, and 3) any establishment or auxiliary or operating unit. To the extent that any businesses under these criteria qualify for one or more of the economic development incentives, this results in:

- 1) a potential revenue loss to the General Fund from the

manufacturing facilities business tax credit of up to \$1.0 million.¹

2) an increased grant payment for the distressed municipalities for the tax abatement on those facilities located therein.

Since the appropriation contained the Governor's Recommended budget, HB 6380, is not sufficient to fully fund the Distressed Municipalities grant reimbursement, all payments are subject to a pro rata reduction. Thus, there is no state fiscal impact but all other municipalities receiving funds under this grant will experience a revenue decrease. In FY 10, distressed municipalities received \$7.3 million in grant payments.

3) a potential cost in regard to the job creation grants, however, funding for this program has halted.

In general, these incentives are available to certain businesses in distressed municipalities, target investment and enterprise zones, and areas of high unemployment but only for manufacturers and other specified service and retail businesses.

Section 5 removes the distressed municipalities designation (which would have gone into effect 10/1/11) from those sections of Granby, Suffield, Windsor Locks and Windsor that are in the Bradley Airport Development Zone. This ensures the towns' continuing eligibility to participate in the Small Town Economic Assistance Program, but precludes their qualifying for funds under certain open space, planning, and development grants.

Sections 8 – 9 result in no fiscal impact by allowing the payment of principal due under the Energy Conservation Loan Program to be deposited directly into the Energy Conservation Loan Fund (ECLF). Currently, payments are first made into the Housing Repayment and Revolving Loan Fund and transferred to the ECLF at the end of the

¹ This estimate is based on the number of claimed made in 2010 as reported in the Department of Revenue Services 2009-2010 Annual Report. In 2010, 35 credits were claimed at a cost of \$1.0 million.

fiscal year. This provision would streamline the payment process.

Section 10 results in no impact by clarifying the type of new jobs that qualify businesses for Insurance Reinvestment Fund Tax Credit.

Sections 11 – 12 result in no fiscal impact by eliminating duplicative reporting requirements by the Department of Economic and Community Development (DECD).

Section 13 results in a potential cost to DECD by extending incubator grants to small businesses utilizing incubator facilities. In FY 10, DECD had a total of \$408,889 available for the small business incubator program, however did not make any grants under this account.

Section 14 permits DECD to expand the entrepreneurial training program to include dislocated workers and displaced homemakers. Current statute requires DECD to operate the program within available appropriations. However, no appropriation was made to the program line item in the FY 11 budget.

Based on the FY 09 participation rate reported by DECD, the average cost is \$330 for each additional individual participating in the program. The total cost to this provision is dependent upon the number of dislocated workers and displaced homemakers at any point in time. It is anticipated in the current economic climate that there could be an increase in participants in the program.

Section 15 expands the eligibility of some business and property tax incentives to businesses occupying facilities in designated areas that have been affected by aerospace or defense plant closures. To the extent that a business locates in a facility within such a designated area, this results in: 1) a potential revenue loss to the General Fund from the corporation business tax of approximately \$85,000 per year, and 2) a potential net grand list reduction for municipalities in the designated areas related to the property tax exemption for real property and manufacturing machinery and equipment.

Additionally, certain municipalities could be eligible for partial reimbursement under the Distressed Municipalities grant in the Office of Policy and Management, and may experience a revenue gain. This does not result in a fiscal impact to the state, but may result in a decreased grant to all other municipalities as the grant is reduced on a pro rata basis if the appropriation is insufficient to fully fund the grant.

Section 16 expands the number of businesses that would qualify for the DECD's Connecticut Credit Consortium program loans. This would increase the number of businesses qualified for the program by an estimated three percent.² It is anticipated that DECD could administer the modified program without requiring additional resources.

P.A. 10-75 established this revolving loan program for businesses with less than 50 employees. This provision expands the threshold to 100 employees.

Section 17 makes a change of reference to section 2 of P.A. 10-98 to ensure conformity and has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Department of Economic and Community Development "An Assessment of Connecticut's Tax Credit and Abatement Program," Dec 2010
Department of Economic Community Development Annual Report 2009-2010
Department of Revenue Services Fiscal Year 2009-2010 Annual Report
U.S. Census Bureau's 2008 Statistics of U.S. Businesses

² This estimate is based upon the U.S. Census Bureau's 2008 Statistics of U.S. Businesses.

OLR Bill Analysis**sSB 1066****AN ACT CONCERNING REVISIONS TO ECONOMIC DEVELOPMENT STATUTES.****SUMMARY:**

This bill makes programmatic and technical changes to many Department of Economic and Community Development (DECD) programs and statutes. It:

1. makes more businesses and nonprofit organizations eligible for DECD loans;
2. extends tax incentives to more types of businesses;
3. tightens the criteria for counting new jobs under the older Insurance Reinvestment Tax Credit Program;
4. allows DECD to make grants to businesses operating in incubators;
5. makes more groups eligible for entrepreneurial training;
6. requires principal payments on energy conservation loans to be deposited in the fund created for making these loans;
7. removes the distressed municipality designation from the sections of Granby, Suffield, Windsor Locks and Windsor that are in the Bradley Airport Development Zone; and
8. specifies that vacant aerospace and defense plants meeting specified criteria qualify for tax incentives on or after the bill's passage.

The bill updates a reference to a national business classification code DECD uses to determine if a business qualifies for assistance under many programs. It make a technical change incorporating a separate DECD annual report in the department's comprehensive annual report to the legislature (§§ 11 & 12). The bill also eliminates a reference to a repealed statute (§ 17) and makes many technical changes.

EFFECTIVE DATE: July 1, 2011, except for the changes to (1) the property tax exemption eligibility criteria, which take effect October 1, 2011 and are applicable to assessment years beginning on or after that date and (2) the small business loan program and the Bradley Airport Development Zone, which take effect upon passage.

PROGRAMMATIC CHANGES

§ 16 — *Small Business and Nonprofit Loans*

The bill allows more businesses and nonprofit organizations to qualify for DECD's Connecticut Credit Consortium program loans. PA 10-75 established this revolving loan program for those businesses and nonprofit organizations with fewer than 50 employees. The bill raises this maximum employee threshold to 100 employees.

§§ 3, 4, & 6 — *Extension of Economic Development Incentives*

The bill extends several economic development incentives to more types of businesses. Current law targets certain property tax exemptions, corporation business tax credits, and job creation grants to enterprise zones and targeted investment communities and further limits these geographically-targeted incentives to manufacturers and specified service and retail businesses operating in these designated areas.

The bill extends the incentives to the same range of businesses that qualify for financing under DECD's Manufacturing Assistance Act (MAA) program. These include two overlapping groups of businesses:

1. those that create or retain jobs, export most of their products and services out of the state, encourage innovation, or add value to products and services (i.e., economic-base businesses) and

2. those within a DECD-designated industry cluster.

It also extends the incentives to establishments, auxiliaries, or operating units of both groups, as defined in the North American Industrial Classification System.

The bill eliminates waste collection businesses from eligibility for the incentives.

§ 6 — Service Businesses' Eligibility for Enterprise Zone and Targeted Investment Community Incentives

Current law requires the DECD commissioner to adopt regulations for certifying whether a business qualifies for enterprise zone or targeted investment community incentives. Under current law, service businesses qualify if they are classified as such in the Standard Industrial Classification Manual.

Under the bill, the regulations must extend the incentives to any service business, not just those classified as such in the manual, if the business supports the economic competitiveness of manufacturers or other economic-base businesses or furthers the state's interests. Such businesses include those providing day care, job training, education, transportation, employee housing, energy conservation, pollution control, and recycling.

§ 10 — Counting Jobs for Tax Credits under the Older Insurance Reinvestment Act Program

PA 10-75 phased out the original Insurance Reinvestment Act program and replaced it with a newer version. The bill's change affects only this version, which provides business tax credits for investing in insurers that occupy new facilities and create jobs. It tightens the criteria for calculating the number of insurers receiving investments must create.

Under the older version, any business paying business taxes qualifies for credits only if it invested its funds in an insurer through a DECD-certified "insurance reinvestment fund." In certifying a fund,

DECD allocates credits, which the fund reallocates to its investors. A business investor claims a portion of its share over 10 years according to a statutory formula. During the 10-year period, the insurer receiving the investment must occupy the facility and employ at least 25% of its workers in new jobs or the investor must repay the credits.

Current law allows the insurer to count only those jobs that did not exist in Connecticut before the DECD commissioner certified its eligibility for investments under the program. It specifically prohibits the company from counting a job filled by an employee reassigned to it from another location. The bill also prohibits the company from counting a job that was created as a result of a merger or acquisition between the company and another Connecticut-based business.

§ 13 — Incubator Grants

The bill allows DECD to extend incubator grants to the businesses operating in incubator facilities. These businesses can use the grants to cover their operating costs or procure related services. Current law allows the commissioner to provide the grants only to the entities managing these facilities. These entities can use the grants to provide operating funds and related services, including preparing business plans and obtaining financial and management counseling.

§ 14 — Entrepreneurial Training for Specified Groups

The bill qualifies dislocated workers and displaced homeowners for DECD-funded entrepreneurial training. Current law allows the commissioner to fund such training programs for former recipients of temporary family assistance, general assistance, and aid to families with dependent children. The training programs can also assist ex-offenders and high school dropouts.

§§ 8-9 — Energy Conservation Loan Repayments

The bill requires all principal payments for all loans made out of the Energy Conservation Loan Fund to go directly back into the fund and makes a conforming technical change. Currently, the payments are first deposited in the Housing Repayment and Revolving Loan Fund.

§ 5 — Bradley Airport Development Zone Benefits

The bill removes the “distressed municipalities” designation from those sections of Granby, Suffield, Windsor Locks and Windsor that are in the Bradley Airport Development Zone. PA 10-98 designated these sections the Bradley Airport Development Zone (BADZ) while simultaneously designating them as distressed. The BADZ designation qualifies businesses for property tax exemptions and corporation business tax credits while the distressed municipality designation affects the towns’ eligibility for funds under various programs.

The distressed municipality designation qualifies municipalities for open space, planning, and development grants. But it also disqualifies them for grants under the Small Town Economic Assistance Program. Removing the distressed municipality designation restores the towns’ eligibility for funds under that program.

DECD annually designates distressed municipalities based on demographic and economic criteria. It scores and ranks each municipality and designates the top 25 as distressed, a group that currently does not include the BADZ towns.

§ 15 — Vacant Aerospace and Defense Plants

PA 10-162 extended tax incentives to businesses in municipalities hit by major aerospace and defense plant closings affecting at least 800 employees. In doing so, it extended the incentives to businesses occupying a facility that was vacant on July 1, 1998, and previously used as an aerospace or defense plant. The bill shifts the incentives to facilities that are vacant on or after the bill’s passage and employed at least 800 people. As under current law, it limits them to facilities that were used as aerospace or defense plants.

NORTH AMERICAN INDUSTRIAL CLASSIFICATION (NAIC)

The bill replaces references to an obsolete business classification code DECD uses to determine if a business qualifies for tax and financial incentives under different programs. Current law cites the Standard Industrial Classification System (SIC), which was based on

the goods a business makes, the service it provides, or the methods and techniques it employs.

The federal government replaced SIC with a different classification scheme needed to implement trade agreements creating a common North American market. That scheme—NAIC—groups businesses that use the same or similar processes to make goods or deliver services. Consequently, NAIC reflects the greater role services play in the economy.

The bill substitutes NAIC for SIC with respect to:

1. enterprise zone and targeted investment property tax exemptions and job creation grants (§§ 1, 3, 4, & 5),
2. financial services property tax exemptions (§ 4),
3. local option tax abatement for communication companies (§ 2),
and
4. urban and industrial sites remediation tax credits (§ 7).

BACKGROUND

Clusters

Clusters are groups of interrelated businesses that provide the same products or services, use similar processes and techniques, have similar workforce needs, and tend to buy the same types of supplies or support services. The nine DECD-designated clusters are aerospace components manufacturing, agriculture, bioscience, insurance and financial services, maritime, metal manufacturing, plastics and plastics manufacturing, software and information technology, and tourism.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 17 Nay 0 (03/08/2011)